

City of Memphis



TENNESSEE

JIM STRICKLAND
MAYOR

September 6, 2018

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410-0001

Re: HUD Findings of non-compliance with HOME program requirements

Dear Secretary Carson:

Memphis has momentum, but it also has challenges. We are intentional in our efforts to support our most vulnerable citizens, and we need the Department of Housing and Urban Development's support to do that effectively. In just our administration's first two and a half years, I am pleased that this effort is paying dividends. Together, the City of Memphis and HUD were successful in relocating more than 1,000 residents from more than 400 units at Warren and Tulane apartments after it was determined that abating the HAP subsidy was the last and most appropriate course of action. Even better, we deployed that HAP budget authority to other developments in the City. We are also making great progress in the South City Choice Neighborhoods Initiative, Lead Demonstration and Healthy Homes Grants, as well as projects implemented through annual HUD entitlement funds. These initiatives continue to have a tremendous impact on improving access to healthy, quality housing units for Memphis families.

I am aware that HUD has deep concerns about expenditures of HUD-issued funds for two projects that predate my administration. In a letter dated Sept. 4, 2018, Mary C. Wilson, Director of HUD Office of Community Planning and Development-Knoxville outlined issues related to two HOME activities: Marina Cove (HOME activity 12587) and Cleaborn Pointe (HOME activity 13033). I understand the gravity of the issues Ms. Wilson conveyed, and I am committed to working collaboratively with HUD staff to realize an acceptable outcome — as we did so successfully on the Warren and Tulane projects.

I have grave concerns, however, about the potential for the City of Memphis to have de-obligated or to repay more than \$15 million that would otherwise be allocated to serving the needs of our citizens. I want to be clear: Despite the serious and complex technical issues, both of these projects were completed within the spirit of HOME program, eradicated blight and havens for criminal activity, and created additional, quality affordable housing units.

It is a new day in the City of Memphis, and I am committed to doing things the right way. And, when I took office in January 2016, I asked our team to forge a more deliberate and meaningful partnership with HUD. I will not allow our staff to miss the mark on properly administering funds that are so desperately needed by our community. We will resolve all outstanding issues related to this project, and I want to work together with HUD to achieve a mutually beneficial outcome.

I appreciate that OAH Director Virginia Sardone and her team have agreed to meet my team on Sept. 12 at the HUD headquarters in Washington, D.C. My team will bring additional information that I believe will be helpful in generating corrective actions that yield a better outcome for all parties. While our staffs work together on this matter, I ask that we be given additional time to coordinate before any de-obligation actions or demands for repayment are issued. It is my hope that we can establish an alternative plan that will allow for the City and HUD to continue to provide quality affordable housing to Memphians.

Thank you for your consideration. I ask to meet with you in person regarding this matter at your earliest convenience.

Respectfully,

Jim Strickland
Mayor

Cc: Neal Rackleff, Assistant Secretary, HUD Community Planning and Development
Stanley Gimont, Deputy Assistant Secretary for Grant Programs, HUD
Virginia Sardone, Director, HUD Office of Affordable Housing
Mary Wilson, Director, HUD Office of Community Planning and Development-Knoxville, TN
Denise Cleveland-Leggett, Regional Administrator, HUD Region IV
Sernoma Mitchell, Director, HUD Memphis Field Office
Doug McGowen, Chief Operations Officer, City of Memphis
Paul Young, Director, City of Memphis Division of Housing & Community Development